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HQ SOUTHCOM ALSO FOR POLAD  
TREASURY FOR RJARPE  
NSC FOR JSHRIER  
COMMERCE FOR 4431/MAC/WH/JLAO

E.O. 12958: DECL: 02/12/2019  
TAGS: [ECON](#) [PGOV](#) [VE](#)  
SUBJECT: MALL CONSTRUCTION CONTINUES DESPITE CHAVEZ'S  
EXPROPRIATION ORDER

REF: 2008 CARACAS 1765

Classified By: Economic Counselor Darnall Steuart for reasons 1.4 (b)  
and (d).

¶1. (C) Ricardo Cohen (strictly protect throughout), a director of Sambil Construction, confirmed to Econoffs February 11 that construction was continuing at Sambil's La Candelaria mall despite President Chavez's December 21 order that the building be expropriated (reftel). He said several days after Chavez's public announcement, he received a call from Libertador borough mayor Jorge Rodriguez in which Rodriguez said he respected the Cohens' integrity, told Cohen not to worry, and promised to work out a solution "beneficial to both sides." Rodriguez has not returned repeated calls from Cohen in January and February, Cohen related. (Note: This lack of responsiveness is no surprise: Rodriguez is leading President Chavez's campaign to remove term limits in a February 15 referendum. End note.) Cohen said Sambil decided to continue construction but would delay for several months the opening of the mall, formerly scheduled for May ¶2009. The May target date assumed that tenants would begin work to finish their stores before the mall building itself was finalized, a practice local authorities had permitted before although it was technically a permit violation.

¶2. (C) Cohen said he considered Chavez's expropriation announcement a political move designed to gain attention and votes and doubted anti-Semitic motives were behind it. (Note: The Cohen family, which owns Sambil Construction, is one of Venezuela's wealthiest Jewish families. Some members of the Jewish community believed at the time Sambil might have been singled out because the Cohens are Jewish, a belief sure to have been reinforced by the January 30 synagogue attack. End note.) Cohen claimed residents of La Candelaria, a middle-class neighborhood in central Caracas, were generally against Chavez's expropriation announcement, though he speculated it might have played well among Chavez's supporters outside of Caracas. While the announcement had taken the Cohens by surprise, Cohen noted several events that in retrospect could be interpreted as signs the announcement was not completely spontaneous. CanTV, the state-owned telephone company, had pulled out in late November of two units it had planned to lease. Second, three weeks before the announcement, Rodriguez's office had pulled all the permits related to the mall from various public offices for a thorough review.

¶3. (C) Comment: This incident is yet another illustration of Chavez's political style and some of the economic costs

associated with it. His administration appears to be pulling back from the expropriation threat, perhaps because it has outlived its political usefulness, but has offered no written assurances to the Cohens. The delay in opening the mall represents an economic cost, and the broader message, that property rights are subject to President Chavez's whims or political calculations, is a deterrent to future investment. Given the political and economic climate, Cohen told us, Sambil Construction was not planning to launch any ambitious new projects in 2009. End comment.  
CAULFIELD